



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### AGENDA ITEM

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Report: Resolution Dispensing with Competitive Bidding and Authorizing a Contract Extension for Operation of Glendale Recycling Center

- 1) Resolution dispensing with competitive bidding and authorizing an amendment to the existing contract 8001348 with Cedarwood-Young Company DBA Allan Company, for Operation of the Glendale Recycling Center increasing the contract amount by \$76,810 to \$2,134,074 and extending the duration for one additional year through March 31, 2026.

### COUNCIL ACTION

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**Item Type:** Action Item

**Approved for** \_\_\_\_\_ **April 30, 2024** \_\_\_\_\_ **calendar**

### EXECUTIVE SUMMARY

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Since 2006, the Cedarwood-Young Company DBA Allan Company has operated the Glendale Recycling Center for processing city-collected recyclables. In addition, the Allan Company serves the community by providing a beverage container redemption center as well as paying the public for recyclable cardboard. Over years, the Allan Company contract has been amended to address dynamic shifts, including fluctuations in recyclables markets as well as the decline in recyclables collected due to the implementation of the commercial franchise system. These changes have resulted in an operation that, while operating efficiently, has broader potential to expand utilization.

In Fall 2023, the city issued a Request for Proposals for Consultant Services to create a Master Plan for the Glendale Recycling Center to recommend immediate physical/operational changes to solve existing issues and/or to recommend future physical/operational changes to accommodate anticipated increasing waste management demands. The Glendale Recycling Center Master Plan recommendations are anticipated in late 2024. Since the current contract with Allan Company ends in March 2025, the additional year extension would allow Council additional time for considering options for the future direction of the Glendale Recycling Center. Dispensing with competitive bidding to extend the duration of contract 8001348 provides this additional time. The proposed amendment also allows Allan Company to increase their rates for the processing of recyclables from \$50 per ton to \$90 per ton due to the chronically poor global market for recyclables.

## **RECOMMENDATION**

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Approve the resolution dispensing with competitive bidding and authorizing an amendment to the existing contract 8001348 with Cedarwood-Young Company DBA Allan Company, for Operation of the Glendale Recycling Center increasing the contract amount by \$76,810 to \$2,134,074 and extending the duration for one additional year through March 31, 2026.

## **ANALYSIS**

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The Allan Company has operated the Glendale Recycling Center since 2006 when City Council awarded them an initial five-year contract for operation, processing, and marketing of recyclables. The Allan Company's contract has been modified five times since the original contract, mostly to adjust the facility's payment rate to the city. The Allan Company originally paid the city \$26 per ton for recyclables collected by the city and delivered to the recycling center. The payment rate was increased to \$31 per ton in 2008 and \$36 a ton in 2017. When the recycling market was disrupted in 2017 with China's National Sword Policy, the city began paying the Allan Company \$54 per ton to process curbside recyclables from May 4, 2021, through October 2021. The Allan Company contract was amended again on October 19, 2021, to increase the contract amount by \$350,000 and extend the contract duration to March 31, 2022, to provide time to select a new operator for the Glendale Recycling Center via a request for proposals. Due to the significant capital investment required by a new operator, the continuing depressed market for recyclables, and a reasonable standard for Glendale to commit to a minimum five-year contract, staff determined the city was unlikely to receive competitive proposals from multiple companies, and City Council dispensed with competitive bidding and authorized the City Manager or his designee to execute an amendment to the Allan Company contract for the Glendale Recycling Center to increasing the contract amount from \$1,555,200 to \$2,057,264 on March 22, 2022 and extended the Allan Company contract to March 31, 2025.

With the planned closure of Scholl Canyon Landfill, work has begun this year to create a Recycling Center Master Plan 2025-2045 to assist in identifying the best role the Glendale Recycling Center can play in supporting the city's waste management operations. The project is anticipated to be completed in October 2024 and includes an evaluation of the present operation, consideration of current and pending state mandates for solid waste management, forecasting the various waste streams and their financial impact on the city, regional alternatives for managing materials, and preparing three alternatives to continued operations and a phased plan for facility improvements.

In the interim, the Allan Company continues to maintain the operation. Since the Recycling Center Master Plan will not be completed until October 2024, staff believes an extension to the Allan Company contract to March 31, 2026 is warranted. This extension will allow the city time to consider the Recycling Center Master Plan recommendations when engaging in an RFP process for future operations at the Recycling Center. All existing contract terms with the Allan Company will remain in

place for this extension period except for three elements:

- 1) The per-ton cost of processing the City's recyclable material will be increased from \$54 per ton to \$90 per ton;
- 2) The temporary office rental and maintenance (currently through William Scotsman) at 540 W Chevy Chase Drive will become the financial responsibility of the Allan Company beginning May 1, 2024; and
- 3) The Allan Company shall obtain prior written approval from the city of any processing on the mechanized sorting of recyclable materials or mixed waste delivered to the facility by other waste haulers.

There are a few factors driving the proposed increased per ton rate. Since 2020, largely as a result of the commercial franchise, curbside tonnage collected by the city and delivered to the recycling center is down 25%. Additionally, the aggregated value of the material itself has decreased by 20%. Concurrently, the Consumer Price Index for Los Angeles and Long Beach has risen over 10% since 2021 resulting in increased labor, energy and equipment costs. Staff believes this increase is fair and reasonable. Comparatively, the City of Burbank is currently paying \$121 per ton for recycling materials.

#### **STAKEHOLDERS/OUTREACH**

If the contract extension is approved, there will be no impact to the community, limiting the need for any community outreach.

#### **FISCAL IMPACT**

The proposed amendment to the Operation of the Recycling Center contract includes a rate increase that will increase the contract cost by approximately \$35,300 in FY 2023-24. The Public Works Department can absorb this cost and therefore no new appropriation is being requested at this time. The funding for the contract for future years will be included as part of the annual budget process. The City Council approved funding is outlined below:

<b>Existing Appropriation</b>		
<b>Amount</b>	<b>Account String</b>	<b>Funding Source</b>
\$350,000	43110-5300-PWD-7523-P0000	Refuse Disposal Fund

#### **ENVIRONMENTAL REVIEW (CEQA/NEPA)**

This item is considered ministerial activity and therefore, not subject to CEQA review.

#### **CAMPAIGN DISCLOSURE**

The names and business addresses of the members of the board of directors, the chairperson, CEO, COO, CFO, Subcontractors and any person or entity with more than 10% interest in the company proposed for contract in this Agenda Item Report are attached in Exhibit # 1, in accordance with the City Campaign Finance Ordinance No. 5744

## **ALTERNATIVES TO STAFF RECOMMENDATION**

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1. Do not authorize a Resolution Dispensing with Competitive Bidding authorizing a Contract Extension for the Operation of the Glendale Recycling Center.
2. The City Council may consider any other alternative not proposed by staff.

## **ADMINISTRATIVE ACTION**

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**Submitted by:**

Daniel Hernandez, Interim Public Works Director

**Prepared by:**

Etienne Ozorak, Integrated Waste Superintendent

**Approved by:**

Roubik R. Golanian, P.E., City Manager

## **EXHIBITS/ATTACHMENTS**

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Exhibit 1: Campaign Finance Disclosure.